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U.S. Department of Agriculture
Office of the Secretary

It's good to be with you, because it's always good to be with old friends.

Our relationship goes back a long way. And for most of that time we've traveled the same path.

We've shared the same ideals and we've sought the same goals. We've worked together for what we believed was good for the American farmer and good for rural America.

Now we find ourselves in disagreement over the question of parity levels.

You believe Government-guaranteed 100 percent of parity is the key to saving America's family farms. I do not.

But I am as certain of your sincerity as I hope you are certain of mine.

Remarks prepared for delivery by Secretary of Agriculture Bob Bergland, before the National Farmers Union Convention, Kansas City, Missouri, March 12, 1979

Moreover, I did not come here today to argue the issue of parity levels. My purpose is to say that issue is part of, but only part of, a much broader issue -- the make up of today's farm sector, the direction it is taking, who controls it, and its ultimate fate.

My concern is that when we have problems we too quickly reach for traditional solutions--like increasing support prices. We tend not to look for new ways or even consider whether the traditional approaches are appropriate for solving today's problems.

I am not here to present my judgments. I am here to open what I hope will become a full-scale national dialogue on the future of American agriculture. I am here to ask you to begin thinking and thinking hard about what kind of agriculture you believe would be in the ultimate best interests of farmers and the nation. And I am seeking your advice on what we should do to get that kind of agriculture.

I ask you straight out if the farm policy decisions both government and the private sector have made in modern times -- and the programs that implemented those policies -- are still in our long-term best interests.

We know those policies and programs helped create a food and fiber production system that is the envy of the world. We know this system has fed us and the world at reasonable costs. We know this system has been a stabilizing influence in global politics and the world economy. And we know that by and large the system has yielded a fair return to those who produced the harvest bounty.

In that sense the system is still working and working well. Indeed, if you consider those specific ends, I believe present farm policy is remarkably well geared to the realities of this era.

But even with these successes, we must ask ourselves this: could it be that the emphasis on price and income support programs has worked to the disadvantage of small and medium-sized farmers?

The time has come to consider where we are and where we seem to be going and to ask ourselves some critically important questions:

Are those policies and programs at the same time creating, or helping to create, something we don't want in American agriculture?

Are they in whole or in part responsible for an unending trend toward larger and larger and fewer and fewer farms that will increasingly dominate and control production?

Do they tend to help most those farmers who need help the least? And help least those farmers who need help the most?

I am deeply concerned about what I see happening to the structure of agriculture. I am deeply concerned also about why it is happening. And I am concerned most of all with the desperate need to ask ourselves if what is happening is what we want...or what the Nation truly needs.

The truth is, we really don't now have a workable policy on the structure of agriculture. To the extent we talk about such a policy--its focus is always on the number of farms. But on what basis do we decide whether we should have 1 or 3 million farms? Surely, it is time to develop a national farm structures policy.

Consider the implications behind these statistics:

In 1935 we had six million farms. Today we have fewer than three million.

Today, the 200,000 largest farms account for nearly two-thirds of all agricultural production. In contrast, as recently as 1960 small farms with sales of less than \$20,000 produced nearly half the value of all farm products. Today, farms that size produce less than 11 percent of our farm output.

As a matter of fact, all of the production of farms with sales of up to \$100,000 represents less than half of the value of today's farm production.

With the decline in the number of farms and the number of farm people, we've seen a deterioration of many rural communities. Gone are the local fertilizer dealer, the machinery dealer, the livestock auction barn and many small merchants.

Where have they gone? Some have gone out of business. Others, as with farms, have consolidated into fewer and larger institutions. And, they've moved to larger towns.

And something else has happened. A distortion has taken place in the traditional rural social order. Something has been lost. Something of lasting worth. And the loss is felt not only where it occurs, but also in urban America as well.

These, then, are the trends that disturb me. Now let's consider some of the possible reasons for those trends.

Take the matter of farm program benefits. I am concerned, as I know many of you are, about the regressive distribution of benefits from many farm programs.

I see the benefits of many of our farm programs going not to improve the incomes of those rural families needing help but contributing, instead, to higher and higher land prices.

Higher land prices, in turn, build in high fixed production costs which make it very difficult for young and new farmers to get started or for the tenant farmer to become an owner-operator. It seems to me that foreclosing the opportunity to get into farming is neither fair nor good for a healthy farm structure.

My own son-in-law is caught in this predicament. He runs my farm back in Minnesota, because he simply can't afford to buy his own at today's prices.

It ought to be evident that high and rising land values work to the decided advantage of the big farm operations at the expense of young farmers, small farmers and tenant farmers.

I'll tell you now that this problem is one of the major reasons why I do not favor Government-guaranteed 100 percent of parity at this juncture.

Not only would 100 percent of parity price us out of export markets that mean so much to our farm income and trade balance, it would drive land prices even higher. This would accelerate the trend, resulting in even fewer farms owning even more of the land and controlling even more of the production.

Even the new cost-of-production concept has its problems--primarily because costs are different for each farmer. Data indicate that large farms tend to produce at below the national average cost of production. Increasing target prices would generate windfall profits for each bushel they produce. And it's the large farms that produce most of the output!

Is this what you want?

We hear a lot of talk these days about saving the family farm. But how much of that talk focuses on substance, on reality? And how much focuses on mere numbers or symbols?

What are we talking about when we talk about a family farm? What criteria do we use when we argue about the number of family farms we should have?

I believe in the family farm as a concept and as an institution of proven economic and social worth. But how do we define "family farm?" With the exception of a few large corporations, every farmer claims to be a "family farmer."

Recently members of my staff met with 21 farmers from the group that came to Washington to lobby for the higher support prices they said are necessary to save the family farm.

They said more help was needed for family farmers like themselves. Yet 20 of those 21 farm operators had annual sales of more than \$200,000. And several of them went so far as to suggest that any farm with less than \$100,000 in annual sales should not be considered a commercial farm. That definition, of course, would eliminate more than 90 percent of all farms in this country.

But the men who suggested this are, we must remember, working farmers. They are not banks. They are not insurance companies. They are family farm operators. Yet it is clear that "family farm" means something different to them than it might mean to you or to me.

The fact that family farm operators themselves disagree over which farms need help because they are worth saving and which can be sacrificed to economic attrition means we have to be much more specific about what we mean. We have to be much more specific about the characteristics we want to preserve if we ever set about designing policies to save the family farm.

I have given much thought to such a program. I understand the problems, but I don't have all the answers. That is why I have come here today to ask your help. I want to begin a national discussion on what kind of agriculture we want for the future.

It seems to me that a sensible policy to preserve a viable family farm structure would include certain characteristics:

*It must emphasize the importance of good management practices in the interests of consumers and our competitive position in world markets. Advances in agricultural technology have worked production miracles. And for this we are grateful. At the same time, however, large farm operations are best able to afford this technology and this gives them a competitive advantage over smaller operators. In effect, technology helps the big get bigger.

*It must recognize that most farms should be under the control and management of their owners and operators.

*It must recognize the tremendous diversity within the family farm structure and encourage and support that diversity.

Let me explain further.

There is not really one population of farms but many. A national structures policy must recognize that calculations of average farm size and average farm income really provide no useful policy guidance.

We all know that we can't compare 1-acre burley tobacco farms in Kentucky and 10,000-acre farms in California. Averages distort a recognition of that diversity at a time when solving our problems requires that it be explicitly recognized.

There is also considerable evidence that elements in our present policies neither encourage nor support the kind of family farm agriculture we are talking about.

There is evidence that some of our farm commodity programs, our tax policies, and our credit programs are generating unintended -- and I submit -- unexpected results. They are partly responsible for the trends I have cited.

For instance, cost of production formulas used in setting target prices favor large farms and give them a competitive edge over smaller farms.

Efforts to protect the family and small-sized farms through the tax system may have been somewhat self-defeating because of the difficulties of limiting the benefits to them.

And our credit policies, while enabling many farmers to stay in business in bad times, have encouraged fewer and larger farms by contributing to higher land prices.

In any new farm structure policy we want to avoid those kinds of unintended side effects.

And now in closing let me ask again for your help.

If we truly want to save the family farm; if we want to preserve the diversity of American agriculture; if we want to protect and, where necessary, restore a rural value system we all cherish; then we must all begin the serious consideration of a farm policy that would be committed to an agricultural structure in America that is in the long-term best interests of the family farm operator and the society in which he lives.

The time to talk about how we do that is now.

The time to do it is soon.

The next comprehensive farm bill may be no farther away than 1981.

So I urge you to begin a serious dialogue over what kind of agriculture you want for the future. I urge you to educate yourselves about the existing structure of agriculture and the forces shaping change.

I urge you to develop issue papers and hold workshops and listen to experts.

To paraphrase a popular advertisement, you may find there are no simple solutions -- only intelligent choices. But the choices can be made.

What I have suggested today may surprise some people, but it is really not so radical. For many years some European countries have included specific structural goals in the design of their agricultural and economic policies. And we, ourselves, have targeted programs to meet the needs of specific groups. We have price support programs for wheat and other grain producers and market order programs for orange producers and no direct programs for beef producers. And these differences in treatment are accepted as legitimate.

We can act now to insure the kind of American agriculture we want in the years ahead. Or we can let matters take their course, with the probable result that we will wake up some morning to find out that we have forfeited our last chance to save those characteristics of the farm sector we believe are worth preserving.

As your Secretary of Agriculture, I want you to know that I, for one, do not want to see an America where a handful of giant operators own, manage and control the entire food production system.

Yet that is where we are headed, if we don't act now.

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